

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 XMB-02

FRB-03 PA-01 PRS-01 USIA-06 /067 W

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FM AMCONSUL ZAGREB

TO SECSTATE WASHDC 3048

AMEMBASSY BELGRADE

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DEPT PASS EXPORT-IMPORT BANK

EO 11652: N/A

TAGS : BEXP, BTIO, EFIN, YO

SUBJECT : EXPORT FINANCING CRUCIAL ELEMENT IN MAJOR US-
YUGOSLAV JOINT VENTURE

1. POST HAS MET WITH US AND LOCAL REPRESENTATIVES OF US FIRM, TOWER INTERNATIONAL, WHICH IS NEARING CONCLUSION OF JOINT VENTURE AGREEMENT WITH THE YUGOSLAV FIRM PIK OF VUKOVAR FOR A PLANT TO PRODUCE SOYBEAN MEAL, REFINED SOY OIL, AND "LASITIN." PLANT WILL HAVE CAPACITY TO MILL APPROXIMATELY 1000 TONS OF SOYBEANS DAILY. APPROXIMATE VALUE OF PROJECT IS \$30 MILLION, WITH MORE THAN \$19 MILLION SLATED FOR PURCHASE OF IMPORTED EQUIPMENT.

2. WILLIAM KRAUSE, PRESIDENT OF TOWER ENGINEERING, INFORMED US THAT DECISION ON USE OF US OR BRITISH EQUIPMENT FOR THE PLANT WILL BE BASED PRIMARILY ON WHICH COUNTRY PROVIDES THE MOST FAVORABLE CREDIT TERMS. TOWER HAS REPORTEDLY APPLIED FOR LOAN FROM BOTH EXIM BANK AND THE BRITISH EXPORT CREDIT INSTITUTION, WE WERE INFORMED APRIL 9 THAT THE BRITISH ARE OFFERING FOLLOWING TERMS: FIFTY PER CENT OF THE COST TO BE LENT DIRECTLY BY BRITISH EXPORT CREDIT INSTITUTION, WITH REPAYMENT TO EXTEND OVER EIGHT YEARS, AT SEVEN AND ONE HALF
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PER CENT INTEREST (7 1/2 PER CENT). REMAINDER OF FINANCING

WOULD BE RAISED ON EURODOLLAR MARKET, WITH LLOYDS OF LONDON
HANDLING THE TRANSACTION.

3. EMBASSY AND CONGEN HOPE THAT EXIM BANK WILL BE ABLE TO
OFFER TERMS FULLY COMPETITIVE WITH THE REPORTED BRITISH
OFFER.
KAISER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, JOINT VENTURES, SOYBEANS, INDUSTRIAL PLANTS
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Draft Date: 09 APR 1975
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Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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05 JUL 2006

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